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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

GOOGLE INC., a Delaware corporation,

Plaintiff,

v.

AFFINITY ENGINES, INC., a Delaware corporation,

Defendant.

Case No. C 05-0598 JW (HRL)

AFFINITY ENGINES, INC.'S NOTICE OF MOTION AND MOTION TO DISMISS AND/OR STAY PROCEEDINGS

Date: May 9, 2005
Time: 9:00 a.m.
Judge: Hon. James Ware

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. BACKGROUND 3

A. The State Court Action 3

B. The Status of the State Court Action 5

C. The Present Action 5

III. ARGUMENT 6

A. The Court Should Invoke Its Inherent Authority and Stay This Action 6

1. Staying This Suit Will Conserve Judicial Resources and Avoid the Risk of Inconsistent Rulings 7

2. Denying A Stay Would Result In Hardship and Inequity to AEI 9

3. A Stay Will Not Prejudice Google 10

B. The Court Should Dismiss Google's Prayer for Attorneys' Fees 11

C. The Court Should Dismiss Google's Declaratory Judgment Claim 11

D. The Court Should Dismiss Google's Abandoned Lanham Act Claim With Prejudice 13

IV. CONCLUSION 13

TABLE OF AUTHORITIES

CASES

Page

Biotics Research Corp. v. Heckler,
710 F.2d 1375 (9th Cir. 1983) 3, 4

Brillhart v. Excess Ins. Co. of America,
316 U.S. 491 (1942) 3, 12

CMAX, Inc. v. Hall,
300 F.2d 265 (9th Cir. 1962) 7, 10

Cohen v. Carreon,
94 F. Supp. 2d 1112 (D. Or. 2000) 7, 9

Colorado River Water Conservation District v. United States,
424 U.S. 800 (1976) 10

Emrich v. Touche Ross & Co.,
846 F.2d 1190 (9th Cir. 1988) 3

Foad Consulting Group, Inc. v. Musil Govan Azzalino,
270 F.3d 821 (9th Cir. 2001) 7

Gates v. Woodford,
334 F.3d 803 (9th Cir. 2003) 6

Huth v. Hartford Ins. Co.,
298 F.3d 800 (9th Cir. 2002) 12

King v. Atiyeh,
814 F.2d 565 (9th Cir. 1987) 13

Landis v. North Am. Co.,
299 U.S. 248 (1936) 6

London v. Coopers & Lybrand,
644 F.2d 811 (9th Cir. 1981) 13

McCarthy v. United States,
850 F.2d 558 (9th Cir. 1988) 3

Mediterranean Enters., Inc. v. Ssangyong Corp.,
708 F.2d 1458 (9th Cir. 1983) 7

Minucci v. Agrama,
868 F.2d 1113 (9th Cir. 1989) 10

TABLE OF AUTHORITIES
(Continued)

Page

Mir v. Little Co. of Mary Hosp.,
844 F.2d 646 (9th Cir. 1988) ... 3

Transamerica Occidental Life Ins. Co. v. Digregorio,
811 F.2d 1249 (9th Cir. 1987) ... 12

Wilton v. Seven Falls Co.,
515 U.S. 277 (1995) ... 12

STATUTES

17 U.S.C. § 101 ... 9

17 U.S.C. § 201 ... 9

17 U.S.C. § 412 ... 2, 11

17 U.S.C. § 504 ... 11

NOTICE OF MOTION

PLEASE TAKE NOTICE that on May 9, 2005 at 9:00 a.m., or as soon thereafter as the matter may be heard in Courtroom 8, 280 South First Street, San Jose, California, defendant Affinity Engines, Inc. ("AEI") will and hereby does respectfully move for an order staying all proceedings in this action pending final judgment in a closely related case pending before Santa Clara Superior Court, *Affinity Engines, Inc. v. Google, Inc. et al.*, Case No. 104 CV 020368 (filed May 25, 2004). Also, AEI seeks an order dismissing Google's declaratory relief claim and Google's claim for attorneys' fees under the Copyright Act.

AEI's motion is brought pursuant to Federal Rules of Civil Procedure 12(b)(1), 12(b)(6), 12(f) and the inherent powers of the Court. This motion is based on the following Memorandum of Points and Authorities, the Declaration of Rory G. Bens filed concurrently herewith, and such other matters as may be presented at the time of the hearing.

I. <u>INTRODUCTION</u>

Plaintiff Google, Inc. ("Google") filed this federal lawsuit to duplicate the proceedings of an earlier-filed state court action currently pending between the same parties. The state court lawsuit, entitled *Affinity Engines, Inc. v. Google, Inc. et al.*, Case No. 104 CV 020368, is currently pending before Judge William J. Elfving in Santa Clara Superior Court. The federal action involves the same parties, the same lawyers and the same underlying facts as the state court action. AEI respectfully requests that the Court exercise its inherent discretionary authority and stay all proceedings in this action pending final judgment in the state court case.

In the state court case, filed May 25, 2004, AEI contends that Google and Orkut Buyukkokten, a Google employee, misappropriated AEI's "inCircle" product (and the source code for inCircle) and used it to create a website for Google, <http://www.orkut.com>. The state court complaint includes claims for trade secret misappropriation, common law misappropriation and unfair competition. Google has denied liability by claiming, among other things, that AEI does not own the inCircle software that forms the basis of its state law claims. Google further contends that it has a license to AEI's inCircle software because of an employee agreement entered into between Google and Buyukkokten. AEI disagrees. AEI's ownership of the inCircle software relies, among other things, upon at least three written assignments to AEI from Buyukkokten that transferred to AEI all right, title, and interest in the inCircle software (including all copyrights in the software). All of Buyukkokten's assignments are governed by California law and are before the state court in the pending action.

The present action involves the same underlying facts as the state court action. Google's federal complaint alleges a claim under the Copyright Act and a declaratory relief claim, both based on the inCircle software at issue in the state court action. Also, Google's complaint in the present federal action and Google's defenses in the state court action present the common question of whether Google can challenge AEI's ownership of the inCircle software under state law. Both cases involve the same employment and assignment agreements, and both actions will present identical questions regarding the interpretation of these agreements and the development of the inCircle software.

The state court action has been pending for more than nine months and is moving toward ultimate resolution. Extensive written discovery has taken place in the state court action, and AEI expects it to go to trial by August 2005. A stay of this action will conserve judicial resources by avoiding a potentially enormous duplication of effort. Moreover, the outcome of the state court action would likely have dispositive effect on Google's claims in the present action.

A stay of the present action will also avoid the risk of inconsistent rulings between state and federal court relating to the identical questions of ownership and contract interpretation presented in the two actions. The risk of inconsistent rulings is exacerbated by the fact that Google has taken inconsistent positions in the state and federal court actions regarding the ownership of the inCircle code, as explained in more detail below. Accordingly, AEI respectfully requests that the Court exercise its inherent authority and enter an order staying all proceedings in this action pending final judgment in the state court action.

Moreover, in addition to staying this action, the Court should dismiss portions of Google's complaint under Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6). Google's first claim under the Copyright Act includes a prayer for attorneys' fees, but this claim is barred by the express provisions of 17 U.S.C. § 412. Google's second claim for declaratory relief should be dismissed for lack of jurisdiction in deference to the state court action under *Brillhart v. Excess Ins. Co. of America*, 316 U.S. 491 (1942) because the issues raised by Google's declaratory claim in the present action are duplicative of issues before the state court.

II. BACKGROUND

A. The State Court Action

AEI is a start-up software company that designs and develops software for "social networking" websites. *See Complaint in Affinity Engines, Inc. v. Google et al.*, Case No. 104 CV 020368 ("AEI State Complaint") ¶ 10 (attached as Ex. A to the Bens Declaration).[1] A "social networking" website allows people to communicate within a defined community comprised of a "circle of friends" that are members of the website, and also to communicate with a broader community comprised of "friends of friends" and "friends of friends of friends." *Id.* The website and software product, inCircle, is AEI's flagship social networking product. *Id.* ¶ 4. The inCircle software was first used at Stanford University, where its alumni association offered inCircle membership to any Stanford alumnus. *Id.* ¶¶ 4, 10-11. Once a member, any Stanford alumnus could e-mail any other Stanford alumni "friend" as well as any Stanford alumni "friends of friends." *Id.*

More than nine months ago, on May 25, 2004, AEI filed its complaint against Google in Santa Clara Superior Court. The AEI State Complaint alleges that Orkut Buyukkokten, a co-founder and former director of AEI and now an employee of Google, misappropriated the source code for inCircle and used it to create a competing website for Google. The AEI State

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[1] The AEI State Complaint and other documents from the state court proceedings are attached as exhibits to the Declaration of Rory G. Bens ("Bens Decl.") filed concurrently herewith. The Court may consider these documents in deciding the present motion. *See, e.g.*, *Emrich v. Touche Ross & Co.*, 846 F.2d 1190, 1198 (9th Cir. 1988) (district court may properly take judicial notice of proceedings from another case and consider them in deciding a motion to dismiss); *Mir v. Little Co. of Mary Hosp.*, 844 F.2d 646, 649 (9th Cir. 1988) ("In addition to the complaint, it is proper for the district court to take judicial notice of matters of public record outside the pleadings and consider them for purposes of the motion to dismiss."); *see also McCarthy v. United States*, 850 F.2d 558, 560 (9th Cir. 1988) (holding that on a Rule 12(b)(1) motion, the court is not "restricted to the face of the pleadings, but may review any evidence, such as affidavits and testimony, to resolve factual disputes concerning the existence of jurisdiction."); *Biotics Research Corp. v. Heckler*, 710 F.2d 1375, 1379 (9th Cir. 1983) (district court properly considered evidence outside the complaint in deciding Rule 12(b)(1) motion to dismiss for lack of jurisdiction).

Complaint names as defendants Google, its wholly owned subsidiary Orkut.com LLC, and Mr. Buyukkokten.

More specifically, the AEI State Complaint alleges that in 2001, Tyler Ziemann ("Ziemann") and Buyukkokten, both students at Stanford University, began to design and develop software for a social networking website. Ziemann and Buyukkokten launched their social networking website at Stanford in 2001, calling it "Club Nexus." *See* AEI State Complaint ¶ 11. Shortly after the launch of Club Nexus, Ziemann and Buyukkokten took steps to create a new company to commercialize, develop and market their social networking software. Shortly thereafter, Ziemann and Buyukkokten incorporated Affinity Engines, Inc. – the plaintiff in the state court case and the defendant in this case. *Id.* ¶¶ 12-14. Ziemann and Buyukkokten were the majority stockholders in AEI, and both became members of the AEI Board of Directors. *Id.* ¶ 14. Less than five weeks later, on September 11, 2002, Buyukkokten assigned to AEI, in writing, all of his rights, title, and interest in any current or future AEI social networking software as part of the original agreement to form AEI. *Id.* ¶ 16.

With the programming assistance of Buyukkokten and others, AEI developed a new social networking product known as "inCircle." *See* AEI State Court Complaint, ¶¶ 4, 24, 26. By the spring of 2003, AEI had signed up a number of potential customers for this product, including the Stanford Alumni Association and the University of Southern California Alumni Association. *Id.* ¶ 26. AEI's development of the inCircle website and software involved over two years of commitment and investment of time, money, and resources. *Id.* ¶¶ 24-25. In July 2003, Buyukkokten executed an additional assignment transferring rights to inCircle and its improvements to AEI.

Beginning in about September 2003, Buyukkokten began secretly developing a social networking website for Google by using and copying the source code for AEI's inCircle software. *See* AEI State Complaint, ¶ 43. In only a few months months, Buyukkokten provided Google with a social networking product that Google named "Orkut.com." Google publicly announced and launched the Orkut.com website on January 22, 2004. *Id.* ¶¶ 45, 47.

The launch of Orkut.com came as a surprise to everyone at AEI. *See* AEI State Complaint, ¶ 53. Following the launch, AEI commenced an investigation to determine whether Buyukkokten had misappropriated AEI's trade secrets (including the inCircle source code), and to assess the scope of Google's involvement. *Id.* ¶¶ 56. This investigation provided AEI with substantial evidence of misappropriation, leading to the filing of the state court action on May 25, 2004. *Id.* ¶ 57. The state court action alleges, among other things, that Google and Buyukkokten misappropriated the source code for inCircle and used it to develop the Orkut.com website.

In response to AEI's State Court Complaint, Google contends that AEI does not have standing to sue because, according to Google, AEI does not own the inCircle software that forms the basis of its claims. Google also contends that it has a non-exclusive license to use the inCircle software by virtue of an employment agreement between Buyukkokten and Google, and because Buyukkokten was a Google employee. *See* Bens Decl. Ex. B at 4:12-22, 6:12-16, 8:3-15, 9:21-10:2.

B. The Status of the State Court Action

The state court action is a mature and active lawsuit with many hotly contested issues—including ownership of the inCircle software. The parties have engaged in several rounds of document discovery and interrogatories, and have noticed or are scheduling witness depositions at this time. The Superior Court has heard and ruled on five discovery-related motions. The parties completed court-ordered mediation in November 2004. A trial setting conference is set for April 26, 2005. AEI will request that the state court set trial by August 2005. *See* Bens Decl. ¶ 3.

C. The Present Action

The duplicative nature of the present, federal action is unmistakable. The primary parties (*i.e.* AEI and Google) are the same.[2] The counsel for AEI and Google are the same. Both actions arise out of the same common nucleus of operative facts, *i.e.* the

[2] The only parties omitted from the Complaint in this action are Orkut.com LLC, a wholly owned-subsidiary of Google, and Orkut Buyukkokten. However, AEI anticipates that if this case proceeds, Orkut.com LLC and Buyukkokten will ultimately be added as parties to this case.

development and ownership of AEI's inCircle social networking software and its subsequent use.

Specifically, the complaint in the present federal action alleges that it is Google – not AEI – that owns the inCircle software. Google contends that it owns the inCircle software by virtue of the employment agreement between Buyukkokten and Google that is at issue in the state court case, and because Buyukkokten allegedly developed inCircle in the course of his employment with Google. *See* Amended Compl. ¶¶ 1, 3, 13-15. The federal complaint asserts claims for copyright infringement and seeks a declaratory judgment establishing its purported ownership over the copyright in the inCircle software. *Id.* ¶¶ 25-34.

The central issue raised by Google's claims is the ownership of the inCircle software – an issue already being litigated in the state court proceeding. *See* Amended Compl. ¶¶ 22, 32. Both cases will involve the interpretation of the employment agreement and the scope and nature of Buyukkokten's activities while employed by Google.

III. ARGUMENT

A. The Court Should Invoke Its Inherent Authority and Stay This Action.

AEI respectfully requests that the Court enter an order staying the present action until the state court lawsuit reaches final judgment. A stay of this action will conserve judicial resources by avoiding the enormous duplication of effort this case would entail.

District courts have inherent discretionary authority to stay proceedings before them. *See, e.g.*, *Gates v. Woodford*, 334 F.3d 803, 817 (9th Cir. 2003). As explained by the Supreme Court: "[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Landis v. North Am. Co.*, 299 U.S. 248, 254 (1936). The Ninth Circuit has recognized that a district court may stay proceedings pending the outcome of another action:

> A trial court may, with propriety, find it is efficient for its own docket and the fairest course for the parties to enter a stay of an action before it, pending resolution of independent proceedings which bear upon the case. This rule applies whether the separate

> proceedings are judicial, administrative, or arbitral in character, and does not require that the issues in such proceedings are necessarily controlling of the action before the court.

Mediterranean Enters., Inc. v. *Ssangyong Corp.*, 708 F.2d 1458, 1465 (9th Cir. 1983) (citation and alteration omitted). In determining whether to stay an action, a court may consider the following factors: (1) the potential prejudice to the non-moving party; (2) the hardship and inequity to the moving party if the action is not stayed; and (3) the conservation of judicial resources by avoiding duplicative litigation. *See CMAX, Inc.* v. *Hall*, 300 F.2d 265, 268 (9th Cir. 1962); *Roderick* v. *Mazzetti & Assocs., Inc.*, 2004 WL 2554453, at *3, *12 (N.D. Cal. 2004) (applying *CMAX* factors and granting motion to stay). Each of these factors weighs in favor of staying this action pending final judgment in the state court action.

1. Staying This Suit Will Conserve Judicial Resources and Avoid the Risk of Inconsistent Rulings

Staying this action and allowing AEI's earlier-filed state court action to proceed to judgment will conserve substantial judicial resources. Under this *CMAX* factor, "the test is whether simplifying or complicating of issues, proof, or questions of law can be expected to result from a stay, such that 'the orderly course of justice' is furthered." *Cohen v. Carreon*, 94 F. Supp. 2d 1112, 1117 (D. Or. 2000) (emphasis omitted). The issues do not have to be identical to justify a stay. *Id.*

In the present case, Google's causes of action for copyright infringement and declaratory judgment raise the common factual issue of which party owns the inCircle software code. This is one of the central, threshold issues both to Google's license defense in state court, and Google's claims of ownership of the inCircle copyright in the present action. Google's complaint in the present action contends that Google is the beneficiary of an employment agreement with Buyukkokten which, according to Google, transferred full ownership of inCircle to Google. *See* Amended Compl. ¶¶ 14, 16. This is precisely the same employment agreement that Google raised in the state court case as a defense to AEI's misappropriation claims, yet Google claimed it afforded only a non-exclusive license. *See* Bens Decl. Ex. B at 9:21-10:2. The employment agreement is a contract governed by California law. *See Foad*

Consulting Group, Inc. v. Musil Govan Azzalino, 270 F.3d 821, 827 (9th Cir. 2001) (state contract law governs ownership of a copyright so long as it does not conflict with federal copyright law). The interpretation and effect of this agreement is a hotly contested issue in the state court case. Refusing to stay this action could result not only in duplication of effort, but inconsistent interpretations of identical contract language.

The risk of inconsistent rulings is exacerbated by the fact that Google has taken inconsistent positions in the state and federal actions regarding the effect of the employment agreement. Specifically, Google has taken the position in the state court action that the employment agreement merely provides Google with a ***non-exclusive license*** to use the inCircle software. *See* Bens Decl. Ex. B at 9:21-10:2. In the present action, Google asserts that the same agreement transferred outright ownership of inCircle to Google. *See* Amended Compl. ¶ 17. Google's inconsistent positions and waffling make it even more likely that the state and federal courts will arrive at different interpretations of the same contract language.

Moreover, there are at least three other written assignments at issue in the state court action that have direct relevance to this action. On April 30, 2002, Buyukkokten entered into an agreement in which he agreed to assign all intellectual property in the social networking software to AEI once AEI was formed as a corporation. *See* AEI State Complaint (Bens Decl. Ex. A) ¶ 12. Four months later, on September 11, 2002, Buyukkokten affirmed his earlier obligation by entering into an agreement in which he assigned all right, title, and interest in social networking software (including inCircle) to AEI. This contract included an assignment of all copyrights relating to inCircle. *See id.* ¶ 16. Less than a year later, in July 2003, Buyukkokten entered into a third assignment with AEI in which he reaffirmed his earlier assignment of rights to AEI, and expressly assigned all improvements to the technology to AEI. *Id.* ¶¶ 27-28. These contracts are at issue in the state court action, and AEI believes that they will establish that AEI owns all of the intellectual property rights relating to inCircle, including any copyrights. *See, e.g.*, Bens Decl. Ex. C at 6-7. The legal effect of these contracts is already a contested issue in the state court action.

Additionally, Google contends that it owns the copyright to inCircle under the "work for hire" provisions of the Copyright Act. *See* 17 U.S.C. § 201(b). This issue will necessarily entail exploration of the same facts at issue in the state court case because a work-for-hire under the Copyright Act is "a work prepared by an employee within the scope of his or her employment." 17 U.S.C. § 101. The nature and scope of Buyukkokten's employment relationship with Google, and his participation in the development of the inCircle software, are clearly at issue in the state court case. Buyukkokten was an employee of both Google and AEI.

The proceedings in the pending state court action may entirely eliminate the need to litigate any of Google's claims in the present action. Once the state court action reaches judgment, that judgment will bind Google to the judgment and factual findings of the state court action under the doctrines of *res judicata* and/or collateral estoppel. For example, a decision in state court that Google's employment agreement has no applicability to inCircle, or a finding that Buyukkokten assigned all rights in inCircle to AEI, would simultaneously defeat Google's ownership defense in the state action and preclude all of Google's claims in the present action.

2. Denying A Stay Would Result In Hardship and Inequity to AEI

A denial of a stay will require AEI to face the inequity and hardship that will inevitably occur as a result of duplicative and vexatious litigation. *See Cohen*, 94 F. Supp. 2d at 1118 (denying stay would require defendant to "waste time and money needlessly litigating the same substantive and procedural issues"). Without a stay of this action, AEI may be subject to the expense of a new round of document discovery, written discovery, and depositions. For example, if this action were permitted to proceed, the parties would again have to go through the nearly identical process of preparing and responding to written discovery, and designating appropriate deposition witnesses on the issue of ownership of the inCircle source code—already a fiercely litigated issue in the state court case.

Google, a company that professes to be "the world's leading Internet search company," Amended Complaint ¶ 10, is a much larger company than AEI with almost limitless resources to litigate baseless intellectual property claims such as the present action filed by Google. Allowing Google to simultaneously litigate against AEI on a second federal front would prejudice AEI and undermine its efforts to prepare the state court case for trial. This factor thus weighs in favor of a stay.

3. A Stay Will Not Prejudice Google

Staying this action pending the outcome of AEI's suit will not cause any prejudice to Google. Indeed, a stay would benefit both Google and AEI by avoiding the expense of litigating the numerous common factual issues that will be resolved by AEI's state court suit, as discussed above. Google would be hard pressed to argue that there is urgency in litigating the claims asserted in this action in light of its conduct to date. One year ago, AEI first warned Google of its allegations of misappropriation regarding the Orkut.com website, which AEI asserts is based on inCircle software code. *See* Amended Compl. ¶ 20. AEI's lawsuit has been pending for nine months. Google identifies nothing of urgency justifying the timing of its filing.

On June 3, 2004, more than eight months ago, Google served interrogatories on AEI asking it to state its positions on whether or not Google is infringing any of AEI's copyrights. AEI responded on July 6, 2004, by stating that there was no federal copyright issue presented by the state court case. *See* Bens Decl. Ex. C at 17:24-18:10. Google waited seven more months before filing this action. Google's own delay belies any urgency in litigating Google's alleged copyright claims. Thus, this *CMAX* factor, like the other two, weighs in favor of a stay of the proceedings before this Court.

For all of the reasons discussed above, the Court should exercise its inherent discretionary authority and stay proceedings in this case pending final judgment in the state court action.[3]

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[3] In anticipation of Google's response, the Ninth Circuit's decision in *Minucci v. Agrama*, 868 F.2d 1113 (9th Cir. 1989) does not dictate a contrary result, nor suggest a stay should be denied. In *Minucci*, the Ninth Circuit held that a district court should not have stayed a federal copyright action in favor of a ***later-filed*** state court lawsuit under *Colorado River Water Conservation District v. United States*, 424 U.S. 800 (1976). The *Minucci* decision was based entirely on the Ninth Circuit's interpretation of the *Colorado River* abstention doctrine, which AEI has not invoked through this motion. Moreover, unlike the present case, the state court action in *Minucci* was filed after the federal case.

B. The Court Should Dismiss Google's Prayer for Attorneys' Fees

Not only should this action be stayed, but portions of Google's Amended Complaint must be dismissed because they are legally deficient and fail to state a claim. Specifically, Google's first claim under the Copyright Act includes a prayer for attorneys' fees under 17 U.S.C. § 504. *See* Amended Compl. ¶ 30. Section 412 of the Copyright Act prohibits any award of attorneys fees for "(1) any infringement of copyright in an unpublished work commenc[ing] before the effective date of its registration; or (2) any infringement of copyright commenc[ing] after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work." 17 U.S.C. § 412.

In the present case, Google applied for its copyright registration on January 21, 2005, shortly before filing its Complaint in the present action. *See* Bens Decl. Ex. D. The Amended Complaint contains no allegation that AEI's alleged infringement began before this date. The Amended Complaint acknowledges that AEI has the copyright for inCircle and has been developing inCircle prior to this date. *See* Amended Complaint ¶¶ 13-15, 23. Moreover, Google's registration application states that the inCircle work was "published" on January 7, 2003, more than two years before Google filed its registration application. *See* Bens Decl. Ex. D. Accordingly, Google's claim for attorneys' fees should be dismissed with prejudice under 17 U.S.C. § 412.

C. The Court Should Dismiss Google's Declaratory Judgment Claim

Google's second claim for relief arises under the Declaratory Judgments Act, 28 U.S.C. § 2201. Through this claim, Google seeks a declaratory judgment regarding Google's purported ownership of the copyright to the inCircle software, and Google's license to use the software developed by Buyukkokten. *See* Amended Compl. ¶ 34.

Jurisdiction under the Declaratory Judgments Act is discretionary, not mandatory. *See* 28 U.S.C. § 2201. "The exercise of jurisdiction under the Federal Declaratory Judgment Act . . . is committed to the sound discretion of the federal district courts. Even if the district court has subject matter jurisdiction, it is not required to exercise its authority to hear the case." *Huth v. Hartford Ins. Co.*, 298 F.3d 800, 802 (9th Cir. 2002) (citations omitted). Federal courts have recognized that one of the situations in which a district court may appropriately decline to hear a declaratory judgment claim is when, as here, there is a pending state court suit presenting similar issues. *See Wilton v. Seven Falls Co.*, 515 U.S. 277, 282 (1995) (construing *Brillhart v. Excess Ins. Co. of Am.*, 316 U.S. 491 (1942)). As explained by the Supreme Court: "Ordinarily, it would be uneconomical as well as vexatious for a federal court to proceed in a declaratory judgment suit where another suit is pending in a state court presenting the same issues, not governed by federal law, between the same parties." *Brillhart*, 316 U.S. at 495. As further stated by the Ninth Circuit: "This court has long held that a district judge has discretion to decline jurisdiction in favor of pending state court litigation when a party seeks to use the Declaratory Judgment Act to deprive a plaintiff of his choice of forum or to encourage a race to judgment." *Transamerica Occidental Life Ins. Co. v. Digregorio*, 811 F.2d 1249, 1253 (9th Cir. 1987).

The Court should exercise its discretion and decline to hear Google's declaratory relief claim because the declaratory relief claim presents the same issues currently before the Superior Court in the earlier-filed state court action. As explained above, Google's claims that it has ownership of the copyright to inCircle involve identical factual questions that are now before the state court, including the interpretation and effect of Google's employment agreement with Buyukkokten, the effect of the three written assignment agreements signed by Buyukkokten, and the circumstances of Buyukkokten's participation in the development of the inCircle software.

Thus, identical factual issues will be adjudicated and heard in the state court in determining the "ownership" of AEI's inCircle software. It would be a waste of this Court's and AEI's resources to proceed to adjudicate Google's declaratory judgment claim while the state court will, within a few months' time, evaluate and determine the same underlying factual questions upon which the declaratory claim is predicated. Google's decision to initiate this federal suit was made purely for tactical reasons, in an attempt to duplicate the proceedings in the state court case and impose unnecessary expense on a much smaller company. Accordingly, this Court should decline to hear Google's declaratory claim and dismiss it from the case.

D. The Court Should Dismiss Google's Abandoned Lanham Act Claim With Prejudice

Google filed its initial complaint on February 9, 2005, alleging a claim under the Lanham Act. *See* Complaint at p.6. Realizing it was a frivolous claim, Google amended its complaint five days later and withdrew it. *See generally* Amended Complaint. Under Ninth Circuit law, the abandonment of Google's Lanham Act claim requires that it be dismissed with prejudice.

When, as here, a party files a pleading that asserts a specific claim and later amends its pleading to remove that claim, the removed claim is waived. *See, e.g., King v. Atiyeh*, 814 F.2d 565, 567 (9th Cir. 1987) ("All causes of action alleged in an original complaint which are not alleged in an amended complaint are waived."); *London v. Coopers & Lybrand*, 644 F.2d 811, 814 (9th Cir. 1981) ("It has long been the rule in this circuit that a plaintiff waives all causes of action alleged in the original complaint which are not alleged in the amended complaint.") (affirming district court order dismissing Title VII claim that was asserted in plaintiff's initial pleading, and omitted from the its amended pleading).

Accordingly, Google has waived its Lanham Act claim, and AEI respectfully requests that the Court's order clarify that the Lanham Act claim is dismissed with prejudice.

IV. CONCLUSION

For the reasons detailed above, AEI respectfully requests that the Court stay all proceedings in this case pending final judgment in AEI's earlier filed lawsuit in Santa Clara County Superior Court. AEI additionally requests that the Court dismiss Google's claim for attorneys' fees under its Copyright Act claim, dismiss its declaratory relief claim in deference to the state court action, and enter an order dismissing Google's abandoned Lanham Act claim with prejudice.

Dated: March 1, 2005

Respectfully submitted,

ORRICK, HERRINGTON & SUTCLIFFE LLP

/s/ G. Hopkins Guy, III

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